

## **FISCAL NOTE**

TO: Chief Clerk of the Senate  
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: March 15, 1995

SUBJECT: **SB 1667 - HB 1610**

This bill, if enacted, will:

1. Create *The Tennessee Video Gaming and Taxation Act of 1995*.
2. Authorize gambling activity on machines which utilize a video display and microprocessors and allows the player, by reasonable measure of player skill, to receive free games or credits that may be redeemed for cash.
3. Create a seven member Commission to implement and administer the act.
4. Impose a tax of 15% of the net machine income from each authorized video gaming machine for which a permit has been issued.
5. Provide for fines, penalties, forfeitures and confiscated money as a result of criminal, civil or administrative process for violation of a provision of the act or a rule of the Commission.
6. Exempt authorized gambling activities from the provisions of the criminal gambling statutes.
7. Create misdemeanor offenses and felony offenses for violations of various provisions of the bill.

The fiscal impact from enactment of this bill from the 15% tax, licenses, fees, fines, penalties, forfeitures and confiscated moneys is estimated to be increased revenue totaling approximately \$130,000,000 to the state.

Increased expenditures to the state to administer the provisions of the bill are estimated to total approximately \$5,000,000.

The bill provides that funding sufficient to pay the expenses of administration and control of gaming as regulated by the bill shall be annually appropriated by the general assembly.

It is estimated further that enactment of this bill will result in a decrease in state expenditures from decreased periods of incarceration due to the exemption for authorized gambling activities; however, a reasonable estimate of the decrease cannot be determined but is estimated not to be significant.

The fiscal effect on local governments from enactment of this bill will depend upon the number of persons convicted of misdemeanor offenses under provisions of the bill and the resultant increased cost to local governments to confine such persons versus the increased revenues to local governments from fines levied and collected under the provisions of this bill. Therefore, the fiscal effect cannot be readily determined, but is estimated not to be significant.

Enactment of this bill is also estimated to result in a maximum increase in state expenditures of \$12,837 for incarceration\*. This estimate is based on three convictions every year receiving a sentence of one year with 30% or 110 days actually being served at a cost of \$38.90 per inmate per day.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director

*\*Section 9-6-119, TCA, requires that: For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law.*